



Illinois Department of Revenue

# Illinois Vehicle Tax Information Guide



Glen L. Bower, Director of Revenue



---

# Table of Contents

---

Introduction	5
Glossary of Terms	7

## Form RUT-50, Vehicle Use Tax Transaction Return

Sample RUT-50	9
RUT-50 Key Points	10
RUT-50 Helpful Hints	11
RUT-50 Vehicle Use Tax Chart	12
RUT-50 Common Questions	13
RUT-50 Common Errors	14

## Form RUT-25, Use Tax Transaction Return

Sample RUT-25	15
RUT-25 Key Points	16
RUT-25 Helpful Hints	18
RUT-25 Common Questions	20
RUT-25 Common Errors	22

## Form ST-556, Sales Tax Transaction Return

Sample ST-556	23
ST-556 Key Points	24
ST-556 Helpful Hints	26
ST-556 Leasing and Trade-ins	28
ST-556 Taxable Items	30
ST-556 Common Questions	31
ST-556 Common Errors	32

Forms	33
Help and Resources	34



---

# Introduction

---

The Illinois Department of Revenue is pleased to provide you with this reference guide about Illinois vehicle taxes. The information in this guide has been compiled to help you understand and comply with vehicle tax requirements. This guide does not take the place of statutes, rules and regulations, or court decisions.

In this publication, “vehicle tax” refers to the sales and use taxes that apply to the sale and purchase of motor vehicles required to be titled and/or registered by an Illinois government agency. When application for title and/or registration is made, one of the three tax forms listed below **must** be submitted.

- RUT-50, Vehicle Use Tax Transaction Return
- RUT-25, Use Tax Transaction Return
- ST-556, Sales Tax Transaction Return

The Illinois Department of Revenue is responsible for administering tax. Listed below are the Illinois government agencies responsible for the processing of applications for motor vehicles to be titled and/or registered.

- **Office of the Secretary of State**  
(car, truck, van, motorcycle, trailer, mobile home, ATV)
- **Illinois Department of Natural Resources**  
(watercraft and snowmobile)
- **Illinois Department of Transportation**  
(aircraft)

Also included in this guide is information regarding ordering forms, informational bulletins and publications, and where to get help.



---

# Glossary of Terms

---

**Note:** The following terms are defined as they apply in the context of this guide. These definitions do not replace definitions in the Illinois Compiled Statutes or the Illinois Administrative Code.

<b>Aircraft</b>	Includes airplanes, helicopters, hot-air balloons, ultra lights, gliders, blimps, dirigibles, seaplanes, and anything else defined as “aircraft” by the Federal Aviation Administration.
<b>ATV</b>	All-terrain vehicle
<b>Collar counties</b>	Refers to Du Page, Kane, Lake, McHenry, and Will counties.
<b>Date of delivery</b>	For Form ST-556, the date the buyer took possession of the motor vehicle.
<b>Exempt organization</b>	Refers to an organization with an active Illinois sales tax exemption (E) identification number issued by the Illinois Department of Revenue.
<b>Fair market value</b>	The value assigned to a motor vehicle as determined by the department. In determining the fair market value, the department considers such factors as the year, make, model, and vehicle identification number.
<b>Leasing</b>	The transfer of possession or right to possession of a motor vehicle to a person for a valuable consideration. For automobiles, the lease must be for a period of more than one year.
<b>Lessee</b>	The party that takes temporary possession of the motor vehicle leased.
<b>Lessor</b>	A business engaged in the leasing of motor vehicles.
<b>Licensed dealer</b>	A person or business that is registered in Illinois to sell motor vehicles at retail.
<b>Motor vehicle</b>	<p>In this reference guide, “motor vehicle” is used to describe various items of tangible personal property that normally are required to be titled and/or registered in Illinois by an Illinois government agency. “Motor vehicle” includes cars, trucks, vans, motorcycles, ATVs, buses, snowmobiles, watercraft, aircraft, motor homes, trailers, and mobile homes.</p> <p><b>Note:</b> For <b>Form RUT-50</b>, Vehicle Use Tax Transaction Return, “motor vehicle” does <b>not</b> include snowmobiles, watercraft, aircraft, trailers, or mobile homes.</p>
<b>Net insurance settlement amount</b>	The amount given by an insurance company for the replacement of a passenger car of their insured person.
<b>Off-site sales</b>	The sales of motor vehicles made by a dealer at a temporary location other than the normal place of business.
<b>Passenger car</b>	The Illinois Vehicle Code defines a passenger car as a motor vehicle of the First Division, including a multi-purpose passenger vehicle that is designed for carrying not more than 10 persons.

---

# Glossary of Terms

---

**Note:** The following terms are defined as they apply in the context of this guide. These definitions do not replace definitions in the Illinois Compiled Statutes or the Illinois Administrative Code.

## **Penalty and interest**    You will owe a

- **late-filing penalty** if you do not file a processable return by the due date or you file a return that we cannot process and you do not correct it within 30 days of the date we notify you;
- **late-payment penalty** if you do not pay the tax you owe by the original due date of the return;
- **bad check penalty** if you send a remittance to the department on or after January 1, 2001, that is not honored by your financial institution.

Interest is calculated on tax from the original due date of the return through the date the tax is paid. Interest is simple interest figured using a daily rate.

**Note:** See Publication 103, Uniform Penalties and Interest, for more information about penalties and interest. (See Page 34 for ordering information.)

**Private party**    A person or business that is **not** in the business of selling motor vehicles at retail in Illinois and who is not required to be registered. This does **not** include out-of-state dealers.

**Renting**    The transfer of possession or right to possession of a motor vehicle subject to the provisions of the Automobile Renting Occupation and Use Tax Act to a person for a valuable consideration for a period of one year or less.

**Retailer**    In general, a retailer includes a business or person that is in the business of selling tangible personal property for use or consumption. For purposes of this reference guide, retailers are licensed dealers or others who purchase tangible personal property with the intent to sell at retail.

**Trade-in, qualified**    A qualified trade-in is a motor vehicle that

- is accepted to reduce the selling price (in part or full) of the motor vehicle being sold; **and**
- if sold at retail, would be required to be reported on Form ST-556 or Form RUT-25; **and**
- that a dealer is in the business of selling.

**Note:** You are “in the business of selling” a particular kind of item if you hold yourself out to the public as being engaged in (or habitually engage in) selling such items.

**Watercraft**    For those items that are required to be reported on Form ST-556 or Form RUT-25, “watercraft” are defined as any vessels 16 feet in length or longer, jet skis or other similar personal watercraft, and any vessels having inboard motors (regardless of length).

See Instructions on back of Page 2



Illinois Department of Revenue

**RUT-50**  
(R-8/00)

## Vehicle Use Tax Transaction Return PV

EC

### Section A: Complete the purchaser's information (Please print.)

Do not write above this line.

1 Purchaser's name \_\_\_\_\_ 4 County \_\_\_\_\_  
2 Co-owner's name \_\_\_\_\_ 5 Purchaser's daytime phone number  
( ) \_\_\_\_\_  
3 Address \_\_\_\_\_ 6 SSN \_\_\_\_\_  
Number and street \_\_\_\_\_ 7 FEIN \_\_\_\_\_  
City State ZIP

### Section B: Complete the seller's information

1 Seller \_\_\_\_\_ ( )  
Name Number and street City State Daytime phone number

### Section C: Describe the motor vehicle

1 Year \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_  
2 Vehicle identification number (VIN) \_\_\_\_\_  
| | | | | | | | | | | | | | | | | |

### Section D: You must check one of the 11 boxes below (See instructions. Check only one box.)

If you check one of the following boxes (1-5), write "0" in Section E, Line 1.

- ↓ 1 ☐ (d1) The purchaser is exempt based on the tax-exempt status of the organization. (See instructions.) → **E** \_\_\_\_\_  
Tax exemption number  
2 ☐ (d2) The vehicle is a farm implement, ready-mix concrete truck, or replacement vehicle. (See instructions.)  
3 ☐ (d3) The vehicle is used for rolling stock. Attach Form RUT-7.  
4 ☐ (d4) You were an out-of-state resident (individuals only) and used the vehicle outside Illinois for at least three months. Write the purchase date. → \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Purchase date  
5 ☐ (d5) You are a surviving spouse, and the vehicle is an estate gift.

If you check one of the following boxes (6-8), write "\$15" in Section E, Line 1.

- 6 ☐ (e1) You are a beneficiary who is not a surviving spouse, and the vehicle is an estate gift.  
7 ☐ (e2) The vehicle is being transferred in a business reorganization. (See instructions.)  
8 ☐ (e3) You are the spouse, parent, brother, sister, or child of the seller or transferor. → Write your relationship to the seller or transferor. \_\_\_\_\_

If you check Box 9, write "\$25" in Section E, Line 1.

- ↑ 9 ☐ (f1) The vehicle is a motorcycle or an ATV.  
If you check one of the following boxes (10-11), write the purchase price of the vehicle. → \_\_\_\_\_  
Purchase price (or fair market value) of the vehicle  
Find the tax due from the correct table in the instructions, and write that amount in Section E, Line 1.

- 10 ☐ (f2) Use Table A in the instructions if the purchase price or fair market value is less than \$15,000.  
11 ☐ (f3) Use Table B in the instructions if the purchase price or fair market value is \$15,000 or more.

### Section E: Figure your tax

1 Tax \_\_\_\_\_ 1 \_\_\_\_\_  
2 Credit for tax previously paid to \_\_\_\_\_ 2 \_\_\_\_\_  
3 Total tax due. Subtract Line 2 from Line 1. 3 \_\_\_\_\_  
Please pay this amount.

Remittance agent no. \_\_\_\_\_

### Section F: Sign here

Date received by Illinois state government

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Your signature \_\_\_\_\_ Date \_\_\_\_\_ Signature of co-owner \_\_\_\_\_ Date \_\_\_\_\_

This form is authorized by the Illinois tax laws and the Illinois Vehicle Code. Disclosure of this information is REQUIRED. Failure to provide information could result in penalties. This form has been approved by the Forms Management Center. IL-492-0010

Copy 1 - Revenue Page 1

---

# RUT-50 Key Points

---

## Who . . .

must file Form RUT-50?

Form RUT-50 **must** be filed by persons who purchased or acquired by gift or transfer a motor vehicle from a private party within or outside Illinois and the vehicle will be titled to an Illinois address. This includes persons who move into Illinois with a motor vehicle previously purchased or acquired by gift or transfer from a private party.

## What . . .

items are reported on  
Form RUT-50?

Motor vehicles that **must** be reported on Form RUT-50 include cars, trucks, vans, motorcycles, motor homes, ATVs, and buses.

**Note:** Trailers, snowmobiles, watercraft, aircraft, and mobile homes are *not* subject to this tax and are *not* required to be reported on Form RUT-50.

## When . . .

is Form RUT-50 due?

Form RUT-50 and any tax payment are due within 30 days from the date the vehicle was purchased or acquired by gift or transfer.

## Where . . .

are Form RUT-50 and tax  
payments mailed?

Form RUT-50 and any tax payment **must** be submitted with the application for title and registration. A **separate** remittance **must** be included for title and/or registration fees and all documents mailed to

OFFICE OF THE SECRETARY OF STATE  
VEHICLE SERVICES DEPARTMENT  
HOWLETT BUILDING  
SPRINGFIELD IL 62756

**Note:** If you need assistance, you can call

1 800 252-8980 (general information)  
217 782-6387 (registration information)  
217 782-6306 (title information)

## Why . . .

is this information  
important?

It is important that you carefully read and comply with all of the instructions when completing Form RUT-50. You may be assessed penalty, interest, and possibly additional tax if you fail to

- properly complete Form RUT-50 and required attachments;
- sign the return;
- attach any tax payment made payable to the “Illinois Department of Revenue;” or
- file and pay within the required due date.

## How . . .

can Form RUT-50  
be corrected?

If you have previously filed a Form RUT-50 and now need to correct the return, you **must** complete and file Form RUT-50-X, Amended Vehicle Use Tax Transaction Return.

## How . . .

do I request a copy of a  
Form RUT-50 that I have  
filed and paid?

If you have previously filed Form RUT-50 and paid the tax due but you now need a copy of the form as proof of tax paid, you must file Form IL-4506, Request for Copy of a Tax Return.

---

# RUT-50 Helpful Hints

---

## Section A . . .

### Purchaser's address

Make sure that the purchaser's address is an Illinois address. This address **must** be the same as it will appear on the motor vehicle's Illinois title. Also, provide the purchaser's Social Security number (SSN) or, if the vehicle is titled in the name of a business, the business' federal employer's identification number (FEIN).

## Section D . . .

### Check *only one* box

Check **only one** of the eleven boxes in this section per return. Provide any required information or attachments. Make sure the box checked applies to the specific transaction being reported.

### Box 4, Out-of-state resident exemption

To use this exemption, check Box 4 if you

- were an out-of-state resident (individuals only), and
- used the motor vehicle outside of Illinois for at least three months.

The appropriate surrendered document (proof of ownership) of the motor vehicle that was used outside of Illinois for at least three months **must** be submitted with the Illinois application for title and/or registration.

### Box 4, Purchase date

Write the purchase date of the motor vehicle on the line provided next to Box 4. This **must** be the actual date the motor vehicle was purchased or acquired by gift or transfer from a private party, **not** the date the return was completed. Form RUT-50 is due within 30 days of the date the vehicle was purchased or acquired by gift or transfer.

### Box 8, Immediate family members

Check Box 8 to claim this \$15 exception tax if the relationship between the purchaser (or transferee) and seller (or transferor) qualifies as one of the following immediate family members:

- Spouse
- Parent
- Brother
- Sister
- Child

The surrendered title **must** be in the name of the qualifying immediate family member who is selling, transferring, or giving the motor vehicle. Write the relationship between the purchaser and seller on the line provided next to Box 8.

**Note:** Step relations do not qualify for this exception.

### Boxes 10 & 11, Purchase price

Purchase price is the value given for a motor vehicle and may be in the form of money, credit, property, or service. When there is no stated purchase price, such as a gift or even trade, fair market value should be used. Write the purchase price (or fair market value) of the motor vehicle on the line provided next to Boxes 10 and 11.

The purchase price determines which tax table to use to figure the amount of tax due. If the purchase price of the motor vehicle is

- less than \$15,000, use **Table A**.
- \$15,000 or more, use **Table B**.

**Note:** A sample RUT-50 Vehicle Use Tax Chart is included in this guide.

## Section F . . .

### Signature

Form RUT-50 **must** be properly signed and dated (co-owners too, if applicable).

# RUT-50 Vehicle Use Tax Chart

## RUT-50 Vehicle Use Tax Chart

**2002**

This chart is effective January 1, 2002, through December 31, 2002.

The purchase price (or fair market value) of a vehicle determines which tax table to use. The purchase price is the value given for a vehicle and may be in the form of money, credit, property, or service. When there is no stated purchase price, such as in the case of a gift or even trade, the fair market value should be used. The fair market value may be obtained from a licensed dealer or bank.

**Note:** A trade-in deduction is not allowed on this tax.

### Table A

Use this table when the purchase price (or fair market value) of a vehicle is **less than \$15,000**.

The tax due is determined by the model year of the vehicle.

Model year	Vehicle age (years)	Tax due (\$)
2001 or newer .....	1 or newer .....	390
2000 .....	2 .....	290
1999 .....	3 .....	215
1998 .....	4 .....	165
1997 .....	5 .....	115
1996 .....	6 .....	90
1995 .....	7 .....	80
1994 .....	8 .....	65
1993 .....	9 .....	50
1992 .....	10 .....	40
1991 .....	11 or older .....	25

### Table B

Use this table when the purchase price (or fair market value) of a vehicle is **\$15,000 or more**.

The tax due is determined by the purchase price (or fair market value) of the vehicle.

Purchase price (or fair market value) (\$)	Tax due (\$)
15,000 to 19,999.99 .....	750
20,000 to 24,999.99 .....	1,000
25,000 to 29,999.99 .....	1,250
30,000 or more .....	1,500

RUT-5 (R-01/02)  
IL-492-3635

---

# RUT-50 Common Questions

---

**When is fair market value used rather than purchase price?**

Fair market value is used when there is no stated selling or purchase price (e.g., trade or gift of a motor vehicle, or as a result of a legal settlement).

**Is tax due from a private transaction when a trade is made?**

Yes. Tax is due **because** there is no provision for any trade-in allowance on Form RUT-50. An individual is required to file Form RUT-50 and pay tax based upon the fair market value of the motor vehicle. If the fair market value is less than \$15,000, use Table A, which provides for tax due based upon the age of the vehicle. If the fair market value is \$15,000 or more, use Table B.

**Are boats and trailers taxable in a private transaction?**

No. For **Form RUT-50**, Vehicle Use Tax Transaction Return, "motor vehicle" does not include snowmobiles, watercraft, aircraft, trailers, or mobile homes.

**Can the \$15 exception tax for business reorganization be claimed by a business that liquidates its assets and sells a motor vehicle to an employee?**

No. When a business sells a motor vehicle to an employee, the ownership changes and the sale is not eligible for the \$15 exception tax. The business reorganization exception can only be claimed if the beneficial ownership of the motor vehicle remains the same.

**What are some examples of when the \$15 exception tax for business reorganization can be claimed?**

Some common examples of when the \$15 exception tax can be claimed include

- a sole proprietorship with company vehicles changes the business name but the ownership remains the same.
- a partnership with company vehicles changes the business name but the ownership remains the same.

**Is a bill of sale required to be attached to Form RUT-50?**

No. However, a bill of sale or some proof of the purchase transaction should be kept in your records in case there is a problem with the tax return.

**If I am awarded a motor vehicle as a result of a divorce order, am I entitled to the \$15 exception?**

No. Prior spouses are not recognized as family members and cannot claim the \$15 exception tax. Tax is due either on the vehicle age or fair market value.

**Is tax due on a motor vehicle given as a gift?**

Yes. In general tax is due either on the vehicle age or fair market value. If a motor vehicle is transferred as an estate gift and the beneficiary is not the surviving spouse, it qualifies for the \$15.00 exception tax. If the beneficiary of the estate is a surviving spouse, the motor vehicle transfer is exempt from tax.

**Do step-children or step-parents qualify for the \$15.00 exception tax?**

No. Step relations do not qualify for this exception tax. The \$15.00 exception tax is limited to a spouse, mother, father, brother, sister, or child of the person giving or selling the motor vehicle.

---

# RUT-50 Common Errors

---

## Section D, exemption boxes

No box is checked.  
Multiple boxes are checked.  
The wrong box is checked.

---

## Section D, Box 4

No purchase date is shown for the out-of-state resident exemption.

---

## Section D, Box 8

The family relationship (*e.g.*, spouse, parent) is circled in the line **instead** of the box being checked.

---

## Motorcycles

When the motor vehicle is a motorcycle, the tax is incorrectly figured using the tax tables **instead** of the flat \$25 tax.

---

## Using the incorrect tax table

The correct tax table is determined by the purchase price (or fair market value). Table A is used when the purchase price (or fair market value) is less than \$15,000 or Table B is used when the purchase price (or fair market value) is \$15,000 or more.

---

## Missing attachments when required

Proper supporting documents are **not** attached (*e.g.*, completed and signed Form RUT-7, Rolling Stock Certification).

---

## No signature

The return is **not** properly signed and dated.

---

## Late return

The return is **not** filed within 30 days of the purchase date *or* an incorrect purchase date is entered as the date the vehicle is titled.

---

## Payments

The remittance is **not** made payable to the “Illinois Department of Revenue.”  
There must be a separate remittance for each agency; one remittance for title and/or registration fees **and** one for tax.

---

## Amended return

Corrections are filed in error using Form RUT-50 **instead** of the correct Form RUT-50-X, Amended Vehicle Use Tax Transaction Return.

When filing an amended RUT-50-X,

- no reason for correcting the return is provided;
  - **all** of the required information is **not** completed;
  - the supporting documentation is **not** attached;
  - vehicle information is **not** clearly written (specifically the Vehicle Identification Number (VIN)); **or**
  - the form is **not** signed.
-



Illinois Department of Revenue

**RUT-25**  
(R-8/00)

## Use Tax Transaction Return MV

See instructions on back of Page 2

REV 02 FORM 20  
EC RC CA DP LS BS NS

Do not write above this line.

### Section A: Complete the following information (Please print.)

- 1 Purchaser or leasing company \_\_\_\_\_
- 2 Co-owner or person leasing \_\_\_\_\_
- 3 Address \_\_\_\_\_  
Number and street  
City \_\_\_\_\_ State **IL** ZIP \_\_\_\_\_ "X" if outside city limits ☐
- 4 County \_\_\_\_\_ Township \_\_\_\_\_
- 5 Municipality, if different (city, village, or town) \_\_\_\_\_
- 6 Daytime phone number of purchaser or leasing company representative ( ) \_\_\_\_\_
- 7 SSN \_\_\_\_\_
- 8 FEIN \_\_\_\_\_

### Section B: Complete the seller's or leasing company's information

- 1 Seller \_\_\_\_\_  
Name Number and street City State ZIP Daytime phone number ( ) \_\_\_\_\_
- 2 Leasing company's \_\_\_\_\_  
Mailing address Number and street City State ZIP Daytime phone number ( ) \_\_\_\_\_

### Section C: Describe the item (You must complete Lines 1, 2, 4, and 5. Complete Line 3, if applicable.)

- 1 Year \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_
- 2 Identification number (VIN) (HIN) (N) \_\_\_\_\_
- 3 "X" if the item is leased ☐
- 4 Purchase date \_\_\_\_\_
- 5 Date brought into Illinois \_\_\_\_\_

### Section D: Is this transaction exempt from tax? (See instructions. If exempt, check only one box that applies to your transaction. Complete only Lines 1 and 2 in Section E, and sign this return in Section F.)

- 1 ☐ The purchase is exempt based on the tax exempt status of the organization. See instructions. → **E** Tax exemption number \_\_\_\_\_
- 2 ☐ The item is a farm implement or a ready-made motor truck.
- 3 ☐ The item is used as rolling stock. Attach Form RUC-7.
- 4 ☐ You are in the business of renting autos or F.V.s, and this purchase is for rental use. Your IBT no. is → \_\_\_\_\_
- 5 ☐ You are a retailer, and the item is for interior use. Your IBT no. is → \_\_\_\_\_
- 6 ☐ You were an out-of-state resident (individuals only) and used the item outside Illinois for at least three months. Leases do not apply.
- 7 ☐ You are redeeming the item due to a loan default.

### Section E: Figure your tax (Attach a copy of your bill of sale or proof of purchase.)

(Round to nearest dollar.)

- 1 Purchase price (before trade-in, discount, or rebates) \_\_\_\_\_
- 2 Trade-in or discount \_\_\_\_\_
- 3 Net purchase price. Subtract Line 2 from Line 1. \_\_\_\_\_
- 4 Depreciation for out-of-state use. (See instructions.) \_\_\_\_\_
- 5 Taxable amount. Subtract Line 4 from Line 3. \_\_\_\_\_
- 6 Tax. Multiply Line 5 by the correct rate. For most addresses, the rate will be 6.25% (.0625). However, if the address in Section A is in Cook, DuPage, Kane, Lake, Madison, McHenry, St. Clair, or Will counties, see instructions for the correct rate. Write the correct tax rate here. \_\_\_\_\_
- 7 Credit for tax previously paid to \_\_\_\_\_ (See instructions.)
- 8 Tax due. Subtract Line 7 from Line 6. \_\_\_\_\_
- 9 Penalty. (See instructions.) \_\_\_\_\_
- 10 Interest. (See instructions.) \_\_\_\_\_
- 11 Total amount due. Add Lines 8, 9, and 10. \_\_\_\_\_

### Section F: Sign here

Date received by Illinois state government

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Your signature \_\_\_\_\_ Date \_\_\_\_\_ Signature of co-owner \_\_\_\_\_ Date \_\_\_\_\_

This form is authorized by the Illinois tax laws and the Illinois Vehicle Code. Disclosure of this information is REQUIRED. Failure to provide information could result in penalties. This form has been approved by the Forms Management Center. IL-492-2693

Copy 1 - Revenue Page 1

---

# RUT-25 Key Points

---

## Who . . .

### must file Form RUT-25?

Form RUT-25 **must** be filed by a motor vehicle owner when

- the owner purchased the item from or moved into Illinois with a motor vehicle that was previously purchased from an out-of-state dealer, lending institution, leasing company selling at retail, or retailer, and is titling or registering the item in Illinois; or
- the owner is a leasing company that is currently leasing the item to an Illinois resident.

**Note:** Trucks purchased from a leasing company (which is **not** also in the business of selling vehicles at retail) must be reported on Form RUT-50.

## What . . .

### is reported on Form RUT-25?

Motor vehicles that **must** be reported on Form RUT-25 include cars, trucks, vans, motorcycles, ATVs, buses, watercraft, aircraft, motor homes, trailers, snow mobiles, and mobile homes.

## When . . .

### is Form RUT-25 due?

Form RUT-25 and any tax payment are due within 30 days of the date the motor vehicle is brought into Illinois.

## Where . . .

### are Form RUT-25 and tax payments mailed?

Form RUT-25 and any tax payment **must** be submitted with the application for title and/or registration. A **separate** remittance **must** be included for title and/or registration fees and all documents mailed to the appropriate titling agency listed below.

#### Motor vehicles:

OFFICE OF THE SECRETARY OF STATE  
VEHICLE SERVICES DEPARTMENT  
HOWLETT BUILDING  
SPRINGFIELD IL 62756

If you need assistance, call

1 800 252-8980 (general information)

217 782-6387 (registration information)

217 782-6306 (title information)

#### Aircraft:

DEPARTMENT OF TRANSPORTATION  
DIVISION OF AERONAUTICS  
1 LANGHORNE BOND DRIVE  
CAPITAL AIRPORT  
SPRINGFIELD IL 62707-8415

If you need assistance, call

1 800-554-0247

217 785-8500

#### Watercraft and snowmobiles:

DEPARTMENT OF NATURAL RESOURCES  
PO BOX 19226  
SPRINGFIELD IL 62794-9226

If you need assistance, call

1 800 382-1696

217 557-0180

---

# RUT-25 Key Points

---

## Why . . .

**is this information  
important?**

It is important that you carefully read and comply with all of the instructions when completing Form RUT-25. You may be assessed penalty and interest, and possibly additional tax if you fail to

- properly complete Form RUT-25 and required attachments;
- sign the return;
- attach any tax payment made payable to the “**Illinois Department of Revenue;**” or
- file within the required due date.

## How . . .

**can Form RUT-25 be  
corrected?**

If you have previously filed a Form RUT-25 and now need to correct the return, you **must** complete and file Form RUT-25-X, Amended Use Tax Transaction Return.

## How . . .

**do I request a copy of a  
Form RUT-25 that I have  
filed and paid?**

If you have previously filed Form RUT-25 and paid the tax due but you now need a copy of the form as proof of tax paid, you must file Form IL-4506, Request for Copy of a Tax Return.

---

# RUT-25 Helpful Hints

---

## Section A . . .

### Purchaser's address

Make sure that the purchaser's address is an Illinois address. This address **must** be the same as it will appear on the motor vehicle's Illinois title or registration. Also, provide the purchaser's Social Security number (SSN) or, if the vehicle is titled in the name of a business, the business' federal employer's identification number (FEIN).

## Section C . . .

### Line 4, Purchase date

Write the purchase date of the motor vehicle as shown on the bill of sale or other document of proof of purchase.

### Line 5, Date brought into Illinois

Write the date the motor vehicle was brought into Illinois. (The date brought into Illinois may be the same as the purchase date.) Form RUT-25 is due within 30 days of this date.

## Section D . . .

### Check *only one* box

Check **only one** of the seven boxes in this exemption section for each return. Make sure the box checked applies to the specific transaction being reported. Provide any required information or attachments. Also complete Section E, Lines 1 and 2.

### Box 6, Out-of-state resident exemption

To use this exemption, check Box 6 if you

- were an out-of-state resident (**individuals only**), and
- used the motor vehicle outside of Illinois for at least three months.

The appropriate surrendered document (proof of ownership) of the motor vehicle that was used outside of Illinois for at least three months, **must** be submitted with the Illinois application for title and/or registration.

**Note:** This exemption does **not** apply to military persons whose home of record is Illinois or businesses and lessees relocating into Illinois. However, depreciation for prior out-of-state use may be claimed in Section E, Line 4 and credit for taxes properly due and paid to another state may be claimed in Section E, Line 7.

## Section E . . .

### Purchase price and bill of sale

Purchase price is the total consideration paid whether in money or other value, not including a deduction for trade-in allowance, credit for tax previously paid, and/or depreciation. Purchase price includes accessories, dealer preparation, applicable federal excise taxes, freight, labor, and documentary fees. Attach a copy of the bill of sale as proof of the purchase price or credit for taxes properly due and paid to another state. If you do not have or cannot obtain a bill of sale, we will accept a

- dealer's invoice;
- letter from a leasing company;
- letter from the selling dealer;
- fair market valuation from a licensed Illinois dealer; **or**
- copy of the lease agreement clearly indicating the lessor's cost price of the motor vehicle.

---

# RUT-25 Helpful Hints

---

## Section E . . .

### Line 4, Depreciation for prior out-of-state use

Depreciation can be claimed when a motor vehicle has been purchased at retail or leased and used outside of Illinois by

- leasing companies;
- lessees;
- businesses relocating into Illinois;
- individuals who used the motor vehicle outside of Illinois for less than three months; **or**
- military persons whose home of record is Illinois

For a motor vehicle of the First and Second Division, depreciation is figured at the rate of 2 percent (.02) for each whole month (**no partial months** - an example of a whole month is 1/15/02 through 2/14/02) the motor vehicle was used outside of Illinois. Multiply the number of whole months between the date the motor vehicle was purchased and the date it was brought into Illinois by .02, then multiply the result by Line 3.

### Line 6, Tax rates

The tax rate for most Illinois addresses other than those listed in the counties below is 6.25 percent (.0625). If the address for title and/or registration is in one of these counties refer to Form RUT-25 instructions for the appropriate rate.

- Cook
- DuPage
- Kane
- Lake
- McHenry
- Will
- St. Clair
- Madison

## Signature . . .

Form RUT-25 **must** be properly signed and dated (co-owners too, if applicable).

---

# RUT-25 Common Questions

---

**Does the purchase of a boat and trailer from an out-of-state dealer or leasing company require reporting on separate RUT-25 forms?**

Yes. Two separate forms **must** be completed. Send a completed Form RUT-25 for the trailer purchase to the Office of the Secretary of State along with the application for title, **and** a completed Form RUT-25 for the boat purchase to the Department of Natural Resources along with the application for title.

**How is the purchase of a motor vehicle that will be leased to a government organization reported?**

Report the transaction on Form RUT-25 by

- checking Box C in Section 5,
- writing the government organization's active Illinois sales tax exemption (E) identification number on the line provided, and
- completing Lines 1 and 2 in Section E. No tax is due.

The lease must be in the name of the governmental body with an active Illinois sales tax exemption (E) identification number. The lease must be for more than one year and be executed or in effect at the time the lessor purchases the motor vehicle.

**If I am currently leasing a motor vehicle and move into Illinois, what is the tax requirement on my leased vehicle?**

Report the transaction on Form RUT-25, check Box 1 in Section D, and pay any Illinois Use Tax within 30 days of the date your leased vehicle is brought into Illinois. You are required to submit the tax at the time you apply for an Illinois title. A deduction for depreciation for prior out-of-state use at the rate of two percent for each whole month (**no partial months** - an example of a whole month is January 15, 2002 through February 14, 2002) is allowed in Section E, Line 4. A credit for sales or use tax properly due and paid to another state is allowed in Section E, Line 7.

**How should the tax be reported when a bank or other lending agency sells a repossessed vehicle?**

If the bank or lending agency applies for title to the repossessed vehicle in their name and then sells the vehicle to a new buyer, a retail sale occurs and tax is due either on Form ST-556 (if registered as such) or Form RUT-25. However, if the original owner, co-owner, or co-signer (of the loan) redeems (resumes) possession of the vehicle, the transaction is not regarded as a sale and is not subject to tax.

If the bank or lending agency does not apply for title to the repossessed vehicle in their name and reassigns the title to the new buyer, then tax is due on Form RUT-50 as a private transaction between the previous owner of the repossessed vehicle and the new buyer.

**What does the Illinois Department of Revenue require to show proof that tax was paid to another state?**

A copy of the bill of sale that clearly states the amount of tax that was paid to another state. If you do not have or cannot obtain a bill of sale, we will accept a

- dealer's invoice;
- letter from a leasing company;
- letter from the selling dealer;
- fair market valuation from a licensed Illinois dealer; **or**
- copy of the lease agreement clearly indicating the lessor's cost price of the motor vehicle.

---

## RUT-25 Common Questions

---

**Can an individual trade in a vehicle he or she owns and get a trade-in allowance to reduce tax on a new leased vehicle?**

**Yes.** A dealer may give a trade-in allowance on a new leased vehicle when an individual trades in a vehicle he or she owns.

---

**Can a lessee trade in a leased vehicle and get a trade-in allowance to reduce tax on a new leased vehicle?**

**No.** The lessee is not the owner of the vehicle and is not entitled to a trade-in allowance.

---

**Is an exempt organization with a valid exemption number exempt from tax on a leased vehicle?**

**No.** In this case, the exempt organization is not the owner of the vehicle; the lessor is the owner of the vehicle and tax is due on this transaction.

---

# RUT-25 Common Errors

---

## Missing attachments when required

The bill of sale or other proof of purchase is **not** attached.

Proper supporting documents are not attached (e.g., completed and signed Form RUT-7, Rolling Stock Certification).

## No purchase date and date brought into Illinois

The purchase date and/or date brought into Illinois are **not** completed.

When claiming the out-of-state resident exemption, there was **not** a three month period of time between the purchase date and the date the motor vehicle was brought into Illinois.

**Note:** The purchase date and date brought into Illinois must be completed because we use these dates to verify timely filing, verify the exemption for out-of-state use, and to compute depreciation.

## Depreciation not computed correctly

The depreciation is incorrectly computed by using a partial month in the calculation instead of whole months.

For a motor vehicle of the First and Second Division, depreciation is figured at the rate of 2 percent (.02) for each whole month (**no partial months** - an example of a whole month is 1/15/02 through 2/14/02) the motor vehicle was used outside of Illinois. Multiply the number of whole months between the date the motor vehicle was purchased and the date it was brought into Illinois by .02, then multiply the result by Line 3.

## Late return

The return is **not** filed within 30 days of the date brought into Illinois.

## No signature

The return is **not** properly signed and dated.

## Payments

The remittance is **not** made payable to the **"Illinois Department of Revenue."**

There must be a separate remittance for each agency; one remittance for title and/or registration fees **and** one for tax.

## Amended return

Corrections are filed in error using Form RUT-25 **instead** of the correct Form RUT-25-X, Amended Use Tax Transaction Return.

Supporting documentation is **not** provided when filing Form RUT-25-X.

When filing an amended RUT-25-X,

- no reason for correcting the return is provided;
- **all** of the required information is **not** completed;
- the supporting documentation is **not** attached;
- vehicle information is **not** clearly written (specifically the Vehicle Identification Number (VIN)); **or**
- the form is **not** signed.



Illinois Department of Revenue

## ST-556 Sales Tax Transaction Return

(For Vehicles, Watercraft, Aircraft, Trailers, and Mobile Homes)

Tax return no.:  
IBT no.:  
Taxable location no.:  
Taxable location name:  
Dealer's license no.:  
Rev:  
Form:

Do not write above this line.

NS CA DP RC TL

### 1 Write the buyer's name and address

Name(s) \_\_\_\_\_

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

### 2 Describe the item sold

☐ A Vehicle ☐ B Watercraft ☐ C Aircraft  
☐ D Trailer ☐ E Mobile Home

☐ New ☐ Used

Identification no. \_\_\_\_\_

Year \_\_\_\_\_ Make \_\_\_\_\_

Body style and model \_\_\_\_\_

### 3 Write the date of delivery

(This return is due no later than 20 days after the date of delivery.)  
Month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_

### 4 Describe the trade-in, if any

Item traded in \_\_\_\_\_

Identification no. \_\_\_\_\_

Year \_\_\_\_\_ Make \_\_\_\_\_

Body style and model \_\_\_\_\_

### 5 Is the sale exempt from tax?

If so, check the correct box below, and fill in Section 6, Lines 1 and 2.

- ☐ A Sold to an out-of-state buyer  
drive-away permit no./lic. plate no. \_\_\_\_\_ state \_\_\_\_\_
- ☐ B Sold for resale  
buyer's IBT no. \_\_\_\_\_
- ☐ C Sold to an exempt organization (government, school, religious, or charitable) tax-exempt no. E \_\_\_\_\_
- ☐ D Sold to an interstate carrier (attach Form RUT-7)
- ☐ E Sold for rental use  
buyer's IBT no. \_\_\_\_\_
- ☐ F This form is void (keep in your records for 42 months)
- ☐ G Other (describe) \_\_\_\_\_

Under penalties of perjury, we state that we have examined this return, including any schedules and statements, and to the best of our knowledge, it is true, correct, and complete. If the seller has taken a qualified trade-in, we also state that the buyer has properly assigned and surrendered the title of the trade-in to the seller.

Signature of buyer(s) \_\_\_\_\_ Date \_\_\_\_\_

Signature of seller \_\_\_\_\_ Date \_\_\_\_\_

This form is authorized as outlined by the Illinois tax laws and the Illinois Vehicle Code. Disclosure of this information is REQUIRED. Failure to provide information could result in penalties. This form has been approved by the Forms Management Center. IL-492-1556

### 6 Write the price, and figure the tax

(to nearest dollar)

1 Total price, including accessories, federal tax, and freight \_\_\_\_\_

2 ☐ Total trade-in credit or value \_\_\_\_\_

☐ Net insurance settlement amount \_\_\_\_\_  
(attach Form RVT-1)

3 Amount subject to tax [Line 1 - Line 2] \_\_\_\_\_

4 Tax [Line 3 X \_\_\_\_\_] (if you made this sale from a temporary sales location, see the instructions.) \_\_\_\_\_

5 Use tax - if applicable (see instructions)

a. County \_\_\_\_\_

b. City \_\_\_\_\_

c. Township \_\_\_\_\_

6 Total tax [Line 4 + Line 5] \_\_\_\_\_

7 Retailer's allowance if filed on time  
[Line 6 X \_\_\_\_\_] \_\_\_\_\_

8 Net tax due [Line 6 - Line 7] \_\_\_\_\_

9 Prior overpayment (see instructions) \_\_\_\_\_

10 Credit for previously paid tax (see instructions) \_\_\_\_\_

On the line below, write the tax return number of the Form ST-556 on which you previously paid tax to an Illinois dealer.

Tax return no. \_\_\_\_\_

11 Excess tax collected \_\_\_\_\_

12 Total tax due  
[Line 8 - Line 9 - Line 10 + Line 11] \_\_\_\_\_

13 Credit memorandum (see instructions) \_\_\_\_\_

14 Amount due [Line 12 - Line 13] \_\_\_\_\_

Dealer's check no. \_\_\_\_\_

Do not write below this line.

Date received by Illinois state government Copy 1 - Revenue's

ATTACH PAYMENT HERE

---

# ST-556 Key Points

---

**Who . . .**  
**should file Form ST-556?**

If you sell items that are required to be titled or registered by an agency of Illinois state government — vehicles, watercraft, aircraft, trailers, and mobile homes — at retail in Illinois, you must report these sales on Form ST-556.

**Note:** If you are an out-of-state lessor selling such items at the end of a lease, please use the instructions for out-of-state lessors (ST-556(2)).

**What . . .**  
**is reported on Form ST-556?**

Motor vehicles that **must** be reported on Form ST-556 include cars, trucks, vans, motorcycles, ATVs, buses, watercraft, aircraft, motor homes, trailers, snow mobiles, and mobile homes.

**When . . .**  
**is Form ST-556 due?**

Form ST-556 and any tax payment are due within 20 days of the date of delivery of the motor vehicle.

**Where . . .**  
**are Form ST-556 and pay-ments mailed?**

Form ST-556 and any tax payment **must** be submitted with the application for title and/or registration. A **separate** remittance **must** be included for title and/or registration fees and all documents mailed to the appropriate titling agency listed below.

**Motor vehicles:** OFFICE OF THE SECRETARY OF STATE  
VEHICLE SERVICES DEPARTMENT  
HOWLETT BUILDING  
SPRINGFIELD IL 62756

If you need assistance, call  
1 800 252-8980 (general information)  
217 782-6387 (registration information)  
217 782-6306 (title information)

**Aircraft:** DEPARTMENT OF TRANSPORTATION  
DIVISION OF AERONAUTICS  
1 LANGHORNE BOND DRIVE  
CAPITAL AIRPORT  
SPRINGFIELD IL 62707-8415

If you need assistance, call  
1 800-554-0247  
217 785-8500

**Watercraft and snowmobiles:** DEPARTMENT OF NATURAL RESOURCES  
PO BOX 19226  
SPRINGFIELD IL 62794-9226

If you need assistance, call  
1 800 382-1696  
217 557-0180

---

# ST-556 Key Points

---

## Why . . .

is this information  
important?

It is important that you carefully read and comply with all of the instructions when completing Form ST-556. You may be assessed penalty and interest, and possibly additional tax if you fail to

- properly complete Form ST-556 and required attachments;
- sign the return;
- attach any tax payment made payable to the “**Illinois Department of Revenue;**” or
- file within the required due date.

## How . . .

can Form ST-556 be  
corrected?

If you have filed a Form ST-556 previously and now need to correct the return, you **must** complete and file Form ST-556-X, Amended Sales Tax Transaction Return.

## How . . .

are off-site sales reported?

If you hold or participate in an off-site sales event (sometimes referred to as a “tent sale”) at a location other than your normal place of business, you may need to make changes to information we preprint on your Form ST-556. For complete instructions on how to make the changes, see Publication ST-23, How to Report Off-site Sales on Form ST-556, Sales Tax Transaction Return. (See Page 34 for ordering information.)

## When . . .

are receipted copies  
necessary?

If there is a delay in completing the title paperwork, receipted copies should be requested to avoid late filing of the return or late payment of the tax.

## How . . .

are receipted copies  
obtained?

To request a receipted copy of Form ST-556 *at the time you file your form*, you **must** send us Copy 1 of each **original return** and a separate remittance for the tax due on each return, along with the following:

- photocopy of each ST-556 return to be receipted;
- cover letter making your request for a receipted copy; **and**
- a postage-paid envelope with the address indicating where you want the receipted copy mailed.

Mail your receipted copy request to

ILLINOIS DEPARTMENT OF REVENUE  
ST-556 TAX RECEIPT UNIT  
PO BOX 19042  
SPRINGFIELD IL 62794-9042

## How . . .

do I request a copy of a  
Form ST-556 that I have  
filed and paid but failed to  
have receipted?

If you have previously filed Form ST-556 and paid the tax due but you now need a copy of the form as proof of tax paid, you must file Form IL-4506, Request for Copy of a Tax Return.

---

# ST-556 Helpful Hints

---

## Section 3 . . . Date of delivery

Write the date of delivery of the motor vehicle being sold or transferred. Form ST-556 is due within 20 days of this date.

## Section 4 . . . Describe the trade-in

If you took a qualified trade-in toward the sale of a motor vehicle, you **must** describe the trade-in in this section. A qualified trade-in is a motor vehicle that

- you accept to reduce the *selling price* (in part or in full) of the motor vehicle sold; **and**
- if sold at retail would be required to be reported on Form ST-556; **and**
- you are in the business of selling.

**Note:** You are “in the business of selling” a particular kind of motor vehicle if you publicly present yourself as being engaged in (or habitually engage in) selling such motor vehicles. For example, if you are in the business of selling both cars and boats, you may take a boat as trade-in toward the sale of a car to reduce the *selling price*. However, if you only sell cars, you may not take a boat as a trade-in for a car.

## Section 5 . . . Tax exemptions

Check **only one** of the seven boxes in this exemption section for each return. Make sure the box checked applies to the specific transaction being reported. Provide any required information or attachments and complete Section 6, Lines 1 and 2.

**Note:** The seller should maintain proper documentation for any exemption claimed (*e.g.*, a copy of the exemption letter from an exempt organization, or a copy of an exemption card from a foreign mission or diplomat).

**Box F, Voided forms** If it is necessary to void a Form ST-556, you should mark the form “Void” and retain all three pages of the voided form in your records for 42 months for audit purposes.

**Box G, Other** If you sell a motor vehicle that qualifies as tax exempt but does **not** fit any other category in Section 5, check Box G, Other, and describe your exempt transaction. Some examples of other exempt transactions that qualify are sales

- to foreign missions or diplomats;
- for interim use or demonstration purposes;
- of ready mix concrete trucks;
- of motor vehicles that you deliver in interstate commerce;
- of motor vehicles that you deliver in foreign commerce; **or**
- of motor vehicles as farm machinery and equipment.

**Note:** ATV’s may qualify for the farm machinery and equipment exemption if they are used primarily (more than 50% of the time) in production agriculture activities such as pulling sprayers while they apply chemicals to fields or collecting and mapping soil samples. The use of ATV’s for farm transportation or recreation purposes does not constitute production agriculture. The farm machinery and equipment exemption may be documented using Form ST-587 Equipment Exemption Certificate. Certification should be maintained in the dealers’ books and records.

---

# ST-556 Helpful Hints

---

## Section 6 . . .

### Line 1, Total price

The total price generally includes the following (See Page 30 for more information.):

- Accessories
- Dealer preparation
- Federal excise taxes
- Freight and labor
- Documentary fees
- Any rebate or incentive for which a dealer will be reimbursed

**Note:** Total price does **not** include federal luxury tax.

Generally, any cost passed on to the customer as part of the sale of a motor vehicle and for which gross receipts are received should be included in the total price.

### Line 2, Trade-in credit or value

Check the first box for "Total trade-in credit or value" and write the amount you assigned to the qualified trade-in described in Section 4. If you are claiming more than one qualified trade-in, you **must** combine the total amounts of all trade-ins.

### Line 2, Net insurance settlement amount

When an insurance company is replacing a passenger car on behalf of their insured person as a result of a total loss claim, the dealer can deduct the net insurance settlement amount from the total price of the replacement motor vehicle. The remittance from the insurance company **must** be made payable **solely to the dealer or** to the dealer and the insured person.

The dealer must check the second box for "Net insurance settlement amount" in Section 6, Line 2 and write the amount given as settlement. The dealer must also attach Page 2 of Form RVT-7, Replacement Vehicle Tax Return, provided by the insurance company.

**Note:** The insurance company is required to file Page 1 of Form RVT-7 and is liable for the state and/or local Replacement Vehicle Tax, not the dealer.

### Line 4, Tax rate

The tax rate the dealer is required to collect is preprinted in Section 6, Line 4. This rate is based on the registered business location of the dealer that is preprinted in the upper left portion of Form ST-556.

### Line 4, Chicago Home Rule Use Tax

If the business location of the dealer is in Cook or the collar counties and a motor vehicle is sold to a buyer who lives in the city of Chicago, an additional 1 percent (.01) Chicago Home Rule Use Tax must be collected. This combined tax rate is preprinted below Line 4 and must be reported on Line 4, **not** Line 5.

**Note:** Do **not** report the Cook County Home Rule Use Tax of 3/4 percent (.075) on Form ST-556. This tax is administered and collected directly by the Cook County Department of Revenue.

### Line 10, Credit for previously paid tax

If you are a leasing company and you are making a retail sale of an item you previously purchased **for leasing purposes**, you may take credit on Line 10 of Form ST-556 for the tax that you previously paid providing that

- you paid the tax to an Illinois retailer on Form ST-556 when you purchased the item;
- the amount of credit you take for tax previously paid is equal to or less than the amount of the tax due on the ST-556 on which you are now reporting the retail sale of this same previously leased item; and
- on the line provided below Line 10, you write the tax return number of the ST-556 filed by the Illinois retailer to whom you previously paid the tax.

## Signature . . .

Form ST-556 **must** be properly signed and dated by both the buyer **and** seller.

---

# ST-556 Leasing and Trade-ins

---

Illinois dealers may reduce the total price of a motor vehicle sold by means of a "trade-in credit" which reduces the taxable amount. The following information explains the provisions of the trade-in credit.

## How is the value of a qualified trade-in determined?

The value of a qualified trade-in is the amount of value assigned to the item without regard for any debt currently owed on the item. The value assigned is referred to as the "trade-in credit."

## When can a qualified trade-in credit be given?

A dealer may give a qualified trade-in credit toward the purchase of another motor vehicle when

- individuals trade in motor vehicles they own;
- leasing companies trade in motor vehicles they own;
- leasing companies trade in motor vehicles owned by prospective lessees; **or**
- third parties trade in motor vehicles they own on behalf of individuals or prospective lessees.

Documentation is required showing the third party has assigned the motor vehicle directly to you and provides you with written authorization for the trade. The documentation must specify the

- motor vehicle traded-in;
- motor vehicle purchased; **and**
- buyer on whose behalf the trade-in is offered.

## Are there circumstances when a dealer may not give a qualified trade-in credit?

A dealer may **not** give a qualified trade-in credit toward the purchase of another motor vehicle when the

- dealer owns the motor vehicle being offered as trade;
- dealer and the leasing company are one and the same entity;
- motor vehicle being offered as trade was previously sold to the dealer and was not documented in writing that it was being offered as trade;
- third party offering the motor vehicle as trade is in the business of selling motor vehicles and is required to collect Illinois Sales and Use Tax; **or**
- dealer is not in the business of selling the type of item being offered as trade.

---

# ST-556 Leasing and Trade-ins

---

## What other types of trade-in credits are allowed?

### ■ Advance trade-in credits

An advance trade-in is when a motor vehicle is traded to a dealer (primarily by a leasing company) for a future purchase of a motor vehicle. At the time of the trade, the purchaser **must** provide the dealer with a written contract of obligation to purchase another motor vehicle within nine months of the trade. An advance trade-in credit is established when a value is assigned to the motor vehicle being traded. This credit expires after nine months if unused.

The documentation required for using advance trade-in credits are

- a written contract indicating the date the trade-in was given, a description of the trade-in, the value assigned to the trade-in, a statement of obligation to purchase another motor vehicle within nine months, and the date of expiration of the advance trade-in credit; **and**
- a bill of sale for the trade-in; **and**
- a copy of Form ST-556 when the future sale is made and the advance trade-in credit is reported.

### ■ Multiple trade-in credits

A dealer may use the cumulative total of trade-in credits given when more than one motor vehicle is traded in toward the sale of a single motor vehicle as long as the documentation clearly shows that the motor vehicles being traded and the motor vehicle sold were all part of the **same sales transaction**.

### ■ Split trade-in credits

A dealer may split the trade-in credit given when a single motor vehicle is traded in toward the sale of two or more motor vehicles as long as the documentation clearly shows that the motor vehicle being traded and the motor vehicles sold were all part of the **same sales transaction**. The amount of trade-in credit that is applied to each motor vehicle sold may be determined by the dealer and the purchaser.

### ■ Combined trade-in credits

A dealer may combine the trade-in credits from advance trades, multiple trades, and split trades as long as the documentation clearly shows that all of the motor vehicles being traded and sold were all part of the **same sales transaction**. If you are using an advance trade-in credit it must meet the advance trade-in credit requirements.

---

# ST-556 Taxable Items

---

**Rebates** Any rebate or incentive for which a dealer will be reimbursed by any source, (e.g., a manufacturer's rebate program), **must** be included in the total price and is subject to Retailers' Occupation Tax. A discount or incentive offered by the dealer that will **not** be reimbursed should **not** be included in the total price and will **not** be subject to Retailers' Occupation Tax.

**Down payment** A down payment **must** be included in the total price of the motor vehicle and is subject to tax.

**Documentary service fees** Documentary Service Fees charged by a dealer for completing title and registration applications and other paperwork are subject to tax. These collected fees **must** be included in the total price of the motor vehicle.

**Extended warranty contracts** Receipts from the sale of extended warranty contracts are **not** subject to tax if separately contracted for from the selling price of the motor vehicle.

**Freight & labor** Generally, freight and labor costs **must** be included in the total price of the motor vehicle and are subject to tax. Incoming freight charged to the purchaser is a cost of doing business to the seller and, as such, is subject to tax. Outgoing freight and special service charges to the customer such as rust-proofing are **not** taxable if they are separately contracted for and, in the case of freight, the costs are actually reflective of the cost of shipping.

**Federal Excise Tax** Generally, Federal Excise Tax **must** be included in the total price and is subject to tax.

**Note:** Federal Excise Tax on trucks with a gross vehicle weight of 33,000 lbs. or more; **or** trailers or semitrailer chassis with a gross vehicle weight of 26,000 lbs. or more should **not** be included in the total price and is **not** subject to tax.

**Federal Luxury Tax** Federal luxury tax should **not** be included in the total price and is **not** subject to tax.

---

# ST-556 Common Questions

---

**How does the Department of Revenue determine if Form ST-556 is filed within 20 days of the date of delivery?**

The titling agency that originally receives the return will record the date received. The Department of Revenue will compare this received date to the delivery date to determine timely filing. If the due date falls on a weekend or state-recognized holiday, the due date will be the next business day.

**What is the tax requirement for items sold in Illinois to out-of-state purchasers?**

Cars, trucks, vans, motorcycles, and trailers that are sold in Illinois to out-of-state purchasers may qualify as tax-exempt transactions when the

- seller issues drive-away permits, or
- purchaser transfers current out-of-state license plates, or
- seller is contractually obligated to deliver the item out-of-state.

Any items other than those listed above that are sold and taken possession of in Illinois are taxable sales at retail.

**How does a dealer report the sale of a motor vehicle to a leasing company that will be leased to a government organization?**

A dealer must report the transaction on Form ST-556 by

- checking Box C in Section 5,
- writing the government organization's active Illinois sales tax exemption (E) identification number on the line provided, and
- completing Lines 1 and 2 in Section 6.

**Can a dealer accept a trade-in from someone other than the purchaser?**

Yes. The person (third party) trading in the motor vehicle **must** be the owner and actually trade it in for the motor vehicle being purchased.

**Are there restrictions on what a dealer can deduct as a trade-in?**

Yes. A dealer can only claim a qualified trade-in of a motor vehicle for which the dealer is in the business of selling. (See Page 6 for a definition of qualified trade-in.)

**Is there a limit on the number of motor vehicles that can be used as trade-ins?**

No. There is no limit on the number of motor vehicles that can be used as trade-ins.

---

# ST-556 Common Errors

---

**Delivery date** The date of delivery is **not** completed.

---

**Section 5** A box is **not** marked in Section 5, "Is the sale exempt from tax?"  
Required information is **not** provided or supporting documents are **not** attached.

---

**Personal computer or typewriter** When using a PC (personal computer) or typewriter on the form, the information does **not** properly line up with the form.

---

**Cook County Home Rule Use Tax** Incorrectly reporting the  $\frac{3}{4}$  percent (.075) Cook County Home Rule Use Tax on Form ST-556. The Illinois Department of Revenue does not administer Cook County Home Rule Use Tax.

---

**Receipted copies** Requests are made for receipted copies when they are **not** needed. Receipted copies should be requested only when there is a delay in completing the title paperwork that would cause tax to be filed and paid late.  
When requesting receipted copies, the amount of tax shown due on the return does **not** agree with the payment amount.

---

**Late return** The return is **not** filed within 20 days of the date of delivery.

---

**No signature** The return is **not** properly signed and dated.

---

**Payments** The remittance is **not** made payable to the "Illinois Department of Revenue."  
There must be a separate remittance for each agency; one remittance for title and/or registration fees **and** one for tax.

---

**Amended return** Corrections are filed in error using Form ST-556 **instead** of the correct Form ST-556-X, Amended Sales Tax Transaction Return.  
When filing an amended ST-556-X,

- no reason for correcting the return is provided;
- **all** of the required information is **not** completed;
- the supporting documentation is **not** attached;
- vehicle information is **not** clearly written (specifically the Vehicle Identification Number (VIN)); **or**
- the form is **not** signed.

---

## **Form ST-556, Sales Tax Transaction Return**

Form ST-556 is preprinted and mailed directly to registered retailers of cars, trucks, vans, motorcycles, watercraft, aircraft, trailers, and mobile homes.

To order additional forms, please contact us at the telephone numbers or the addresses we have listed below.

**Email:** centreg@revenue.state.il.us

**Call:** 217 785-3707

**Complete:** Form NUC-13, ST-556 Order Form. Mail your completed order form to the address below.

ILLINOIS DEPARTMENT OF REVENUE  
CENTRAL REGISTRATION DIVISION  
PO BOX 19030  
SPRINGFIELD, IL 62794-9030

## **Form RUT-25, Use Tax Transaction Return**

This form is not available for downloading or faxing because it is a multiple page form printed on NCR paper. You may obtain this form at your local Secretary of State Driver Services Facility or you may call our 24-hour Forms Order Line at 1 800 356-6302.

## **Form RUT-50, Vehicle Use Tax Transaction Return**

This form is not available for downloading or faxing because it is a multiple page form printed on NCR paper. You may obtain this form at your local Secretary of State Driver Services Facility or you may call our 24-hour Forms Order line at 1 800 356-6302

## **Other related forms**

Listed below are some other vehicle tax related forms that you may need. At any time, requests can be made by visiting our Web site at **www.ILtax.com** or calling our Forms Order line at **1 800 356-6302**.

IL-4506 Request for Copy of Tax Return

RUT-7 Rolling Stock Certification

RUT-25-E Fleet Exemption Schedule

RUT-25-X Amended Use Tax Transaction Return

RUT-50-X Amended Vehicle Use Tax Transaction Return

ST-556-F Miscellaneous Information About Filing Form ST-556, Sales Tax Transaction Return

ST-556-R Resale and Rolling Stock Fleet Exemption Schedule

ST-556-X Amended Sales Tax Transaction Return

You can also order forms by writing to us at

ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19010  
SPRINGFIELD, IL 62794-9010

---

# Help and Resources

---

The Illinois Department of Revenue issues informational bulletins and various publications that inform and assist taxpayers. Listed below are those that pertain to motor vehicles. You can obtain these publications by visiting our Web site at **www.ILtax.com**, calling our Forms Order line at **1 800 356-6302** or by writing to us at

ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19010  
SPRINGFIELD, IL 62794-9010

## Informational Bulletins

FY98-27 Tax Exemptions for Foreign Diplomatic and Consular Personnel  
FY99-4 Statement of Account  
FY2000-2 Change in Reporting Gross Receipts for ART  
FY2001-4 Change in Reporting Rolling Stock  
FY2001-14 Penalties and Interest Changes  
FY2001-18 Tax Exemption for Certain Items Purchased for Lease Ends  
FY2002-02 Sales and Use Tax Exemptions for Certain Leased Property  
FY2002-22 Changes for Form ST-556

## Publications

PUB-8 Taxpayer Service Guide  
PUB 103 Uniform Penalties and Interest  
PUB 104 Common Sales Tax Exemptions  
ST-9 Guide for Reporting Sales Using Form ST-556, Sales Tax Transaction Return  
ST-23 How to Report Off-Site Sales on Form ST-556, Sales Tax Transaction Return  
ST-25 Illinois Sales Tax Rate Reference Manual

## Assistance

We understand that situations will arise periodically that are unique. If you have any questions that are not covered by this reference guide, please contact us at the telephone numbers or the addresses we have listed below.

**Visit:** [www.ILtax.com](http://www.ILtax.com)

**Call:** Springfield office — 1 800 732-8866 or 217 782-3336;  
Chicago office — 312 814-5258 or 312 814-3239; or  
TDD (telecommunications device for the deaf) — 1 800 544-5304

**Write:** ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19015  
SPRINGFIELD IL 62794-9015





Printed by authority of the State of Illinois  
(1,250 - 06/02 - 2021584)